

# **Mental Health Redesign House File 2780**

Last Action:

House Floor

April 12, 2006

## **Executive Summary Only**

**An Act relating to persons with mental illness, mental retardation, developmental disabilities, or brain injury by addressing purposes and quality standards for services and other support available for such persons, establishing basic financial eligibility standards, addressing state and county financial responsibility for the cost of the services and other support, changing the name of a departmental division, providing for an increase in the reimbursement of certain service providers, and providing effective and applicability dates.**

**Fiscal Services Division  
Legislative Services Agency**

## **NOTES ON BILLS AND AMENDMENTS (NOBA)**

Available on line at <http://www3.legis.state.ia.us/noba/index.jsp>

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## EXECUTIVE SUMMARY NOTES ON BILLS AND AMENDMENTS

## HOUSE FILE 2780 MENTAL HEALTH REDESIGN

### MENTAL HEALTH REDESIGN

### ELIGIBILITY

### STATE CASES

### INTERIM STUDY COMMITTEE DIVISION WITHIN THE DHS

### REIMBURSEMENT RATES

### FISCAL IMPACT

- Establishes various duties for the Department of Human Services and the Mental Health, Mental Retardation, Developmental Disabilities, and Brain Injury (MH/MR/DD/BI) Commission.
- Requires various items within county management plans for MH/MR/DD/BI services including individualization, cost-effectiveness, access, increased mental health workers, and outcomes and indicators.
- Establishes a 150.0% Federal Poverty Level (FPL) for financial eligibility for county MH/MR/DD/BI services. This impacts 11 counties that are below this FPL percentage.
- Provides resource limitations that are based on the federal Supplemental Security Income (SSI) Program in addition to retaining a retirement, burial, medical savings, and assistive technology accounts.
- Provides that counties assume service determination, responsibility and the cost for those individuals served by the State Cases Program (legal settlement) starting FY 2008. These individuals will be provided the same services as those with legal settlement, and the provider will be paid the same reimbursement rate as the county pays for those with legal settlement. The Bill requires the DHS to provide recommendations to the General Assembly regarding the funding distribution methodology.
- Establishes a Legislative Interim Study Committee to review the Mental Health Allowed Growth Formula.
- Reestablishes a Division within the DHS for mental health and disabilities and renames it the Division of Mental Health and Disability Services.
- Requires the DHS to seek federal approval to increase Medicaid reimbursement rates for inpatient mental health services, community mental health center, and psychiatrists beginning October 1, 2006.
- The Bill will increase General Fund expenditures by \$4.0 million for FY 2007. This may be offset by the termination of the annual \$1.0 million existing contract with a managed care provider of the State Cases Program. The fiscal impact includes:
  - \$2.9 million for the State Cases cost of services and reimbursement rates. This includes \$500,000 for mental health hospitalization costs that the State would not currently be required to pay.
  - \$354,000 for increase in the number of mental health workers.
  - \$260,000 for assessment tools, without the cost of independent assessments and without including the impact of expected increase in services.
  - \$500,000 for the reestablishment of a Division within the DHS for mental health and disabilities.
- The cost of the reimbursement rate increases for FY 2007 will offset by amending the mental health services managed care contract that has \$5.0 million of one-time funds available. The Bill limits the amount of increase for FY 2007 to \$5.0 million. This will require additional funds of \$6.3 million in FY 2008 to replace the one-time funds and for the annualization of the three-months not included in FY 2007.